



covid-19

Aid Packages in Malta

[Updated as at Sunday, 29.03.2020]



COVID-19 – Financial Aid Package and Measures

- The Maltese Government has announced several incentives over the past weeks aimed at addressing cash flow and liquidity concerns that businesses are facing in the light of the COVID-19 outbreak.
- This document gives an overview of such support measures.

INCENTIVE 1 : Refund for Quarantine Leave

INCENTIVE 2 : Facilitation of Teleworking Activities

INCENTIVE 3 : Deferral of Payment of Taxes

INCENTIVE 4 : COVID-19 Wage Supplement

INCENTIVE 5 : Other Social Support Measures

- These measures are being extended and/or tweaked from time to time and more measures may be announced in the future – accordingly this document is for information purposes and may be amended and updated. Most terms and conditions relative to said packages have not yet been promulgated.

**REFUND FOR QUARANTINE LEAVE:**

- **Eligibility:** Employers who have or had a member of their staff (including themselves) on mandatory quarantine leave in accordance with the directives of the Superintendent of Public Health are entitled to a one-off lump sum grant of €350 per employee on mandatory quarantine (as per Legal Notice 40 of 2020 Period of Quarantine Order, 2020).
- The grant is also applicable for members of staff who had to quarantine themselves in view of possible contact with individuals who were directly at risk of infection, such as living in the same dwelling or in the same workplace.
- This measure only covers grants for full-time employees.

- **Application :** Employers are required to complete and submit an online application form. This will require information as to the reason for mandatory quarantine. Available on the Malta Enterprise [website](#).
- Applicants are to declare and confirm that the employees on which the quarantine benefit is being claimed have been remunerated within the parameters of their employment contracts and the applicable employment laws.



FACILITATION OF TELEWORKING ACTIVITIES* in the form of financial support for all employers, irrespective of sector, who invest in technology that enables teleworking and to partially cover the costs of teleworking solutions. Support shall be limited to €500 per Teleworking Agreement and €4,000 per undertaking. The grant shall be awarded against 45% of the eligible cost. This call is eligible for costs incurred between 15 February and 8 May 2020.

- **Eligibility** : Employee in question should not have had an active teleworking agreement in place with his employer prior to the 15th February 2020. All costs must be incurred after this date in order to be eligible. Official Guidelines can be found [here](#).
- **Costs covered** include (1) purchasing and/or leasing of computer hardware (included operating systems) which are considered portable including installation and setting up of connectivity software and (2) communication solutions (hardware and software) that allows different users to connect to their place of work (VPN, Point-to-point connection etc.) Certain others e.g. costs relating to cloud based solutions are eligible if claimed with respect to new Teleworking Agreements and if subscribed to after 1 March 2020. Certain costs are excluded e.g. mobile phone costs.
- **Application**: Online application form available on the Malta Enterprise [website](#) is to be filed by not later than Friday 8th May 2020. This application is to include invoices and proof of payment of the relevant invoices.

The applicant will also be required to provide the following:

- (1) Signed Teleworking Agreement commencing not earlier than 1 March 2020;
- (2) Declaration that no previous teleworking arrangement was in place with said employee in the last 12 months;
- (3) A short explanation of how the teleworking arrangement will function, explaining how employees will have access to company data (ex. through VPN or cloud services).

**Participation is subject to the De Minimis Rules in terms of Regulation (EU) No 1407/2013 on de minimis aid for State Aid.*



DEFERRAL OF PAYMENT OF TAXES - Companies and self-employed persons that suffer or have suffered a significant downturn in their turnover as a result of the economic constraints arising from the COVID-19 pandemic and, accordingly, face substantial cash flow difficulties, can benefit from this Tax Deferral Scheme. This incentive is primarily aimed, but not limited to, the tourism and hospitality, entertainment, transport and manufacturing sectors.

- Eligible Taxes : Provisional Taxes, Value Added Tax, and Employee taxes (i.e. those payable through the employer’s Final Settlement System (payroll), maternity fund payments, social security contributions, as well as social security contributions of self-employed persons (“eligible taxes”). The eligible taxes are those which fall due in March and April 2020.
- This scheme does not remove the obligation of beneficiaries to submit documents and returns by the due date as required by law. However, settlement of the eligible taxes (excluding VAT) are to be settled in four equal monthly instalments over the four-month period May to August 2020. VAT dues are to be settled in two equal instalments with the two quarterly returns due immediately following the quarter with respect to which said dues would have been deferred. Moreover, no interest or penalties are to be charged in respect of eligible taxes that would have been deferred in terms of this scheme.
- Exclusions : Benefit shall not apply if tax obligations (submission of documents / returns and payments) falling due by 31 December 2019 were not adhered to. The benefit shall be forfeited if the beneficiary is found to be in breach of any of its terms and conditions, thus making use of this scheme under false pretences. In case of forfeiture, beneficiaries will have to settle their dues as demanded by the Commissioner for Revenue, subject to interest or penalties as per law.
- Application : Form available on the Malta Enterprise website. Deadline: 15 April 2020.



- **COVID WAGE SUPPLEMENT***

Full time employees of enterprises operating in certain sectors ([here](#)) that suffered drastically due to the COVID-19 pandemic or had to temporarily suspend operations on the order of the Superintendent of Public Health will be entitled to a benefit of up to 5 days' salary based on a monthly wage of €800.

This includes all self-employed.

Part-time employees will be eligible to a benefit of up to €500 per month. (Sectors may be increased in time)

- Where the monthly salary of an employee exceeds €800, the employer may be expected to pay the remaining part up to €1,200. Should any employer not be in a position to sustain this additional payment, then an agreement has to be reached with the involvement of the unions, the employees and the Department of Industrial and Employment Relations.
- Full time employees of enterprises in other adversely effected sectors ([here](#)), including the wholesale, manufacturing and warehousing sectors, will be entitled to a benefit of up to one day's salary per week, equivalent to €160 per month.

Part-time employees will be eligible a benefit of up to one day's salary per week, equivalent to €100 per month.





- Full time employees of **Gozo**-based enterprises in other adversely effected sectors ([here](#)), will be entitled to a benefit of up to two days' salary per week, equivalent to €320 per month; for part-time employees, the entitlement will be €200 monthly. This will increase to €480, for those self-employed who employ staff, and the employees will be entitled to 2 days salary calculated on €800 a month.
- Self-employed persons operating in other adversely effected sectors ([here](#)) who have employees will be entitled to a benefit equivalent to 2 days' salary per week, equivalent to €320 per month.
- **IMPORTANT UPDATE | 29.03.2020**
>> Funds will be forwarded to employers who will be obliged to guarantee that the Covid Wage Supplement as established below is forwarded to the employee. **Application forms for this scheme will be available from Monday 30th March 2020. Annexes below may be updated periodically.**

>>>>> It is understood that in various instances, when the operations are completely closed down due to Covid measures taken by Government. employees might be asked not to attend to work. In such cases **an employee supported through this measure cannot be asked to take unpaid leave and the employer is obliged to pass on, as a minimum, the €800 wage subsidy less the employee's national insurance contribution and government taxes** to the employee.

In certain instance if there is agreement with the Department Of Industrial And Employment Relations, **employees may be required to work a four or three day week**, in these instance the Covid Wage Supplement would still be allocated in accordance to the parameters established above.





Other measures announced by the Government of Malta to mitigate against the impact of COVID-19 on local businesses include:

1. INCREASE OF RENT SUBSIDIES*

If a family member who is the sole dependent living in subsidised accommodation has his/her employment terminated due to COVID-19, the government subsidy for rent may be increased. Tenants who will be losing their jobs, and were previously not entitled to the rent subsidy, may now be covered by this assistance.

2. PERSONS IN RECEIPT OF A DISABILITY GRANT* - UPDATED 29.03.2020*

Persons with Disability who work in the private sector and are duly registered with Jobsplus, may opt to stay home for health and safety reasons will receive a direct payment of €166.15 per week if working fulltime or €103.85 per week if working part-time. **Application forms accessible [here](#).**

3. BENEFIT FOR PARENTS UNABLE TO WORK (PRIVATE SECTOR)- UPDATED 29.03.2020*

Parents who both work in the private sector requiring one of the parents to stay at home to take care of school-aged children will receive a direct payment of €166.15 per week if working fulltime or €103.85 per week if working part-time provided that they cannot carry out their functions through teleworking arrangements. This measure also applies for single parent families who have school-aged children. **Application forms accessible [here](#).**

**Terms and conditions may be announced.*



4. TEMPORARY INCREASE IN UNEMPLOYMENT BENEFITS*

Employees who had their full-time employment terminated as of 9th March 2020, including those who were self-employed, as a result of the COVID-19 pandemic will be eligible for the Contributory Unemployment Benefit and will receive a direct payment of €166.15 if work was in full-time before you became unemployed or €103.85 per week if work was part-time before becoming unemployed.

Eligibility : Individual must register for work under the Part I register with Jobsplus. No further applications required.

Additional Conditions:

- (i) The Social Security Contribution will be paid and thus future contributory pension rights safeguarded;
- (ii) If entitled to Children's Allowance, individual will have the rate adjusted taking into consideration the new income earned and this may increase up to the maximum rate of €24.08 per week per child;
- (iii) If are entitled to the In Work Benefit this will continue to be received without deductions;
- (iv) If entitled to Supplementary Allowance, its rate will be adjusted taking into consideration the new income earned and this may increase up to the maximum rate of €4.57 per week for single persons and €12.54 per week for couples.

5. OTHER LIQUIDITY MEASURES

€900 million in bank guarantees for companies requesting operational loans with low interest rates and longer repayment periods. These schemes will be financed by grants from the National Development and Social Fund and EU funds. Three-month moratorium from banks for business or personal loans. This will alleviate the burden of bank loans for ALL persons and businesses in this challenging period. To be addressed with the relevant bank in question.



How can we help?

We can assist you with assessing the availability or otherwise of these incentives to your business and employees, advise you as to the legal and tax implications of same, and assist you with the preparation and submission of the relevant applications and forms.

We will provide updates relative to all Government measures as more information becomes available through the **Fenech & Fenech Advocates COVID-19 webpage** which can be accessed at <https://fenechlaw.com/covid-19-updates/>



KEY CONTACTS : should you require any assistance, please do not hesitate to reach out to us personally as follows:



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